
New Statewide Uniform Accounting and Reporting

MEMORANDUM

TO: Chief Financial Officers
All State Departments and Agencies

FROM: John J. Linderman, Director
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DATE: October 21, 1997

SUBJECT: New Statewide Policy and Procedures for Uniform Accounting And
Reporting of Contractual Agreements and Related Expenditures-Policy
Revision; Questions and Answers

Attached is a document summarizing a significant policy revision, together with the answers of the Department of Civil Service and the Department Management and Budget in response to the questions that we have received on implementing the new Statewide Policy and Procedures for Uniform Accounting and Reporting of Contractual Agreements and Related Expenditures, distributed September 16, 1997. This document has been prepared based upon interaction with your staff in two recent workshops, together with our subsequent follow-up activities. The document is intended to provide clarifying guidance to your staff as they implement this directive.

We wish to highlight a major policy revision that establishes a dollar "threshold" to consider when implementing the new policy requirements. As noted on page 1 of the document:

Acquisitions of all commodities and services that are not under the jurisdiction of the Department of Civil Service, with a total cost of \$1,000 or less, may be exempted from the provisions of this directive requiring a link between purchasing documents and related payments, if the commodity or service is not available on a contract issued by the Office of Purchasing for which a release document from a blanket purchase order is required. Also, a department or agency may elect to exclude (from these same provisions) certain acquisitions of services that are under the jurisdiction of the Department of Civil Service, with a total cost of a \$1,000 or less, if the department or agency:

- *Determines that the payments are for unique, non-recurring personal service arrangements for which there is no purchasing document recorded in MAIN, and the department or agency determines that issuance of a purchasing document is not an appropriate business practice, and*
- *Maintains a system to accumulate expenditure data associated with these specific transactions to fulfill the annual reporting requirements for contractual personal service expenditures.*

Payments to vendors for these specified acquisitions may be issued using an ADPICS Direct Voucher which does not reference a blanket purchase order document. Departments and agencies are not to divide total orders and/or schedule payments to vendors only to qualify for this exclusion.

We appreciate the efforts of you and your staff as we strive to implement these important requirements to monitor and report upon FY 1997-98 contracting activities. If you have any additional questions, please contact any of us, as appropriate, or Mr. Steven R. Stier, Director of the Technical, Audit, and Business Services Division of the OFM at (517) 373-1010.

Attachment

cc: Appointing Authorities
Procurement Officers
Chief Accountants

Uniform Accounting and Reporting for Contractual Agreements and Related Expenditures

The following Questions and Answers have been summarized from the September 25 and 29, 1997 workshops on the new policy. Questions and Answers have been broken down by major topic area as detailed in the new policy.

I. Defining the Population of Contracts Which are Subject to this Directive

Q: Can we still make payments for minor purchases without referencing purchase documents as required by the directive?

A: Yes, acquisitions of all commodities and services, that are not under the jurisdiction of the Department of Civil Service, with a total cost of \$1,000 or less, may be exempted from this directives provisions requiring a link between purchasing documents and related payments, if the commodity or service is not available on a contract issued by the Office of Purchasing for which a release document from a Blanket Purchase Order is required.

Similarly, a department or agency may elect to make an ADPICS Direct Voucher payment that is not linked to a purchasing document for services that are under the jurisdiction of the Department of Civil Service, with a total cost of \$1,000 or less, if the department:

- Determines the payments are for unique, non-recurring personal service arrangements for which there is no purchasing document recorded in MAIN, and the department/agency determines that issuance of a purchasing document is not an appropriate business practice, and
- Maintains a system to accumulate expenditure data associated with these specific transactions for the annual reporting of contractual personal service expenditures.

Payments to vendors for these specified acquisitions may be issued using an ADPICS Direct Voucher which does not reference a Blanket Purchase Order document. Departments and agencies are not to divide total orders and/or schedule payments to vendors only to qualify for this exclusion.

Q: If contracts are excluded from the requirements of this directive, will encumbrance carry- forwards still be allowed?

A: Yes, subject to Department of Management and Budget (DMB) requirements for encumbrance eligibility.

Q: Do payments to direct service providers (e.g., medical services) require a contract to be recorded in MAIN?

A: No.

Q: Does the contract coding prescribed in this directive apply to purchases that are made using the procurement card?

A: No.

Q: Do procurement card purchases need to be tracked for Department of Civil Service (DCS) reporting?

A: Yes, agencies must track expenditures (greater than \$100 in a fiscal year) for all services that are bought with the procurement card that are under DCS jurisdiction.

Q: Does this directive pertain to only personal service contracts greater than \$100,000?

A: No, this does not apply only to personal service contracts greater than \$100,000. The broad scope of the policy states, *"Unless excluded...all purchase agreements with independent contractors that are for commodities or services...must be recorded in ADPICS..."*

Q: Does this directive apply to contracts between State agencies? What about a State agency and local government?

A: This directive does not apply to contracts between State agencies. However, it is applicable to contracts with local governmental agencies.

II. Use of Electronic CS-138 Approval System In MAIN

Q: When is the DCS cut-off for paper CS-138s?

A: About 10/1/97. DCS will continue to accept paper until agencies can establish appropriate approval paths. All paper CS-138s must eventually be converted to the electronic format.

Q: If the CS-138 is done by agency personnel, who should do them now?

A: This is up to the agency to decide internally who should process the CS-138, but the approval path must include an appointing authority representative.

Q: How does a CS-138 get into ADPICS?

A: It is entered on the ADPICS 2117 screen by either agency or DCS staff.

Q: If a paper CS-138 is converted to an electronic CS-138, will someone have to create an additional purchasing document like a Direct Purchase Order or a Blanket Purchase Order?

A: Yes, if no document currently exists and its within the population of contracts subject to this directive. If a Direct Purchase Order, or a Purchase Order already exists, add a CS-138 reference number to the appropriate field.

Q: Is the Requisition number a required field on the CS-138?

A: No, this is not a required field, but once the CS -138 is posted it may not be changed or corrected.

Q: Can an Advice of Change or Cancellation be done on a CS-138?

A: No, users cannot cancel or change an electronic CS-138 once it is posted.

Q: Can any of the fields on the 2117 screen be changed while in approval?

A: No, you can only reject back to the initiator to make changes and then re-post, which will resend the CS-138 through the approval path.

Q: Can a CS-138 be left un-posted?

A: Yes, but it won't go through the approval path.

Q: Do contracts recorded for commodities need a CS-138 reference number?

A: No. CS-138 references are needed only for contracts under Civil Service jurisdiction.

Q: What happens in the situation when a CS-138 has been approved for a two-year period and now the bureau is moving to another agency or department? How is the electronic CS-138 handled for conversion?

A: If at the beginning of a new fiscal year, the responsibility for conversion passes to the new department.

Q: Will a cross-walk from the old CS-138 numbers to the new numbers be provided so that we may check for complete conversion?

A: Yes.

Q: If agencies can no longer use the "to be bid" notation on a CS-138, does the bid process have to be completed prior to creating the CS-138?

A: The "to be bid" notation is not to be used for Special Personal Service employees. If the CS-138 is for independent contractors, it may be appropriate to use the "to be bid" notation.

Q: Are high school "co-op" students considered Special Personal Service, and will they require an individual CS-138?

A: Yes, they are Special Personal Service employees. However, because the service is pre-authorized, DCS will establish the CS-138 reference number to use.

Q: Currently, Special Personal Service contracts with several people can be covered by a single CS-138. Will agencies be able to continue that practice?

A: No, you must now create an individual CS-138 for each person.

Q: Can an agency still prepare a Blanket CS-138 for more than one consultant, which is not Special Personal Service (i.e., not on the payroll)?

A: Yes, you can still have one CS-138 for multiple independent contractors.

Q: If we need the Purchase Requisition number on the CS-138, and CS-138 number on a Purchase Requisition how are we supposed to accomplish this?

A: We recommend you create the Purchase Requisition, save it but don't post it, and note the Purchase Requisition number. Then create the CS-138 and include the Purchase Requisition number on the CS-138 document then save and post the CS-138. Note the CS-138 number. Return to the Purchase Requisition and add the CS-138 number then save the Purchase Requisition.

Q: Does the system require the Agency Dept. number on the CS-138 to agree with the Agency Dept. number on a Purchase Requisition?

A: No, there is no system edit to require a match.

Q: Can departments cross-reference the CS-138 document number with a department number of 191?

A: Yes.

Q: Is it possible to back date the electronic CS-138 beginning or end date?

A: No. However, DCS may allow a 14 day grace period.

Q: If additional information is needed for an electronic CS-138, will this be grounds for denial?

A: No, DCS will send out a letter or E-mail requesting additional information and hold the CS-138 while they wait for an agency response.

Q: Will agencies be able to view the electronic CS-138 created by DCS?

A: No, they won't have security for that department. DCS will send agencies a listing of pre-authorized CS-138s.

Q: If an agency uses an inbound interface for central payments, will they have to create a CS-138 for each contract?

A: If you did a paper CS-138 before, do an electronic one now.

Q: Do you need the date and name of the union notified in the CS-138 notepad?

A: It is not required, but it is a good idea.

Q: If an acquisition is for pre-authorized services with a CS-138 done by DCS, who notifies the union?

A: The agency must notify the union

Q: Can additions to the notepad be made during approval?

A: Yes, if the approving person possesses security to access the CS-138.

Q: Regarding union notification for pre-authorized, do they still have to go to personnel?

A: This is an internal procedure, you should handle it the same as you did with the paper CS-138.

Q: Are there alternatives for union notification?

A: Check the union contract. The union specifies the manner in which they are to be contacted for notification. This is not a DCS requirement.

Q: Who is responsible for notifying the union regarding a CS-138?

A: Each agency is required to notify the union when a CS-138 has been initiated. If the union decides it would like to participate in the review process then DCS will notify the union regarding the final disposition. Also, DCS will send the union a weekly report as

they do currently.

Q: Does the electronic CS-138 for purchases under \$5,000 replace the CS-138A?

A: Yes.

Q: Pre-authorized services for over \$5,000 currently use a blanket CS-138 for multiple releases/requisitions. Will this practice continue?

A: Each pre-authorized service will have a DCS generated CS-138 identification number that should be used for all releases and Requisitions.

Q: Will purchases under \$5,000, for pre-authorized service require an individual CS-138? (e.g., blanket pre-authorized service like training)

A: Don't create a new CS-138 if the service is on the DCS list of pre-authorized services. Any service under \$5,000 is pre-authorized. If the service is not on the DCS list, then do a CS-138.

Q: For pre-authorized CS-138s over \$5,000, how should each agency handle internal notification?

A: Send a hardcopy of the electronic document or use another paper document.

Q: How does an agency handle a case where a CS-138 was created for a service that is pre-authorized because it is under \$5,000, then amended for over \$5,000?

A: Do an amendment for the new amount, indicating the cumulative amount in the "TOTAL AMT" field. Make notations in the notepad of the new amended electronic CS-138. Send the hard copy of the original CS-138 to Civil Service.

Q: What happened to the recommendation that contractors for anything under \$500,000 would not require DCS approval?

A: DCS is under a court injunction. This is on hold and no changes to the dollar limits will take place until resolved by the court.

Q: Actuarial services were pre-authorized and are no longer on the pre-authorized list?

A: This service was removed from the pre-authorized list some time ago, but has recently been placed back on the list. The DCS-generated CS-138 number is #191S8000204.

Q: Why are attorneys not on the pre-authorized list?

A: Attorney services have not been deemed a pre-authorized service and will require a CS-138.

Q: When will the list of pre-authorized services with all the converted CS-138 numbers be available?

A: That list was released in mid-October.

Q: Is there a list of non-jurisdictional services?

A: Yes, DCS will distribute the list of non-jurisdictional services at a later date.

Q: Will an Advice of Change be needed to add the electronic CS-138 number on an existing purchasing document (Purchase Requisition, Purchase Order, Direct Purchase Order, or Blanket Purchase Order)?

A: Yes, an Advice of Change may be issued on a Direct Purchase Order or a Blanket Purchase Order in order to add the CS-138 number. However, if a Purchase Order has been issued, cancel the Purchase Order, reissue a Direct Purchase Order, and add the CS-138 number.

Q: How long does it take to get security in MAIN and get approval paths updated?
A: See your Agency Security Administrator (ASA) to get security forms. You will need to add the document/document type "CS/CS" for all appropriate authorized users to create an electronic CS-138. Approval paths may just require updating an existing approval path, which is quick and is done by your agency.

Q: Who determines who the "appointing authority" is for a department?
A: Your department specifies who is the "appointing authority", not DCS.

Q: What will the turn around time be for DCS approval of the electronic CS-138?
A: 14 days, maybe less; however, not less than 7 days since union involvement requires more lead time.

Q: What is returned from DCS upon approval?
A: If approved, an electronic CS-138 will "post" on line. If denied, a rejected document will be sent back to your department.

Q: What if a correction is needed and the CS-138 is rejected? Will the reason for rejection be in the notepad?
A: Yes, reasons and approval condition/comments will be in the notepad.

Q: If more information is required on a CS-138, will DCS pursue inquiry?
A: Yes, this will continue. CS-138s requiring modifications will be rejected in the approval path and returned to the originating agency for changes.

Q: Will all agencies be able to use pre-authorized services that were created for specific agencies?
A: No, you must request to have your agency added for a particular service. DCS will post-audit the use of agency-specific pre-authorized services.

Q: If an agency has an agreement with DMB to be excluded from contract coding requirements, do they still have to comply with this new CS-138 procedure?
A: Yes, agencies must create a CS-138 for DCS, when applicable, regardless of any exclusions granted by DMB from the contract coding requirements.

Q: Will MIDB be modified to have a separate table for the electronic CS-138?
A: Yes, and DCS will also be doing year-end reporting for agencies using MIDB.

Q: When using the original CS-138 reference numbers for renewal or amendment, will MIDB track all CS-138 components?
A: Yes, MIDB will track all CS-138 components.

III. Methods of Recording Contacts

Q: Are agencies supposed to use the complete document number including the "S"?
A: Yes.

Q: What is the difference between a Purchase Order and a Direct Purchase Order?
A: A Purchase Order requires creation of a Purchase Requisition as the originating document. A Direct Purchase Order is the originating document.

Q: Is a Direct Purchase Order different from a "Confirming Order"?
A: A Direct Purchase Order may be used as a Confirming Order.

Q: Do agencies enter the CS-138 number in Blanket Purchase Order call field?

A: No, enter the Blanket Purchase Order number in the Blanket Purchase Order call field.

Q: If a Blanket Purchase Order is for a pre-authorized service, does the agency need to put the CS-138 number on a Blanket Purchase Order release?

A: No, if the release is from an agency specific Blanket Purchase Order with the CS-138 number entered on the Blanket Purchase Order header. However, if this is for a statewide Blanket Purchase Order for a pre-authorized service each release must have a CS-138 number.

Q: What document type should be used on a Blanket Purchase Order release?

A: Enter the "BP" document type.

Q: On a release from a statewide Blanket Purchase Order under DCS jurisdiction (but not pre-authorized), does the CS-138 number have to be entered?

A: Yes.

Q: Should a Direct Purchase Order or Direct Voucher be used as a release against a Blanket Purchase Order?

A: Use a Direct Purchase Order or Purchase Order as a release for all OOP issued Blanket Purchase Orders, with the exception of any contract specifically excluded by OOP.

Q: Do agency-established Blanket Purchase Orders have extra options regarding the types of releases the agency can issue?

A: An agency has three options for releases: Purchase Order, Direct Purchase Order, or pay via a Direct Voucher once a Blanket Purchase Order is established.

Q: If the purchasing activity is not to span more than one fiscal year should the ending date be 9/30 for all releases?

A: Yes.

Q: Will Office of Purchasing (OOP) enter a pre-authorized CS-138 number on a Blanket Purchase Order?

A: Yes.

Q: What is the ADPICS 2343 screen?

A: The 2343 screen is the Blanket Purchase Order Security screen and is used to establish which users are authorized to issue a release from that Blanket Purchase Order. This screen allows statewide or restricted release security capability for each Blanket Purchase Order.

Q: For Blanket Purchase Orders issued by OOP that have never had a contract release issued, (e.g., Diners' Club or cell phones), will agencies have to issue a confirming release?

A: Yes. Starting 10/1/97 agencies must issue releases for all statewide Blanket Purchase Order except Boise. Boise has special payment arrangements from inception and a direct voucher may be used for this contract only.

Q: Are confirming releases required on all overnight UPS shipments using a release document and a standard voucher?

A: Yes.

Q: Who is designing approval paths for a division or department?

A: Each agency is responsible for their approval paths.

Q: What user class is required to establish approval paths, if you don't use MAIN?

A: Approval paths are done by a designated person in your department.

Q: How is the approval path set up?

A: By document type, dollar amount and commodity code.

Q: How will purchasing documents be linked to a CS-138 document?

A: You must enter the CS-138 number on the purchasing document. There is not an automatic link.

Q: If a Purchase Order has already been completed for the new year, should the agency do an Advice of Change and add the CS-138 number?

A: If a Purchase Order for the service has been created, cancel the Purchase Order, create a Direct Purchase Order with the CS-138 number entered in the "P.O. Title" field (preceded by "XX").

Q: Is there any systematic check to make sure the correct CS-138 number is on the Purchase Order?

A: No, there is no edit to check that the correct CS-138 number is entered on the purchasing document. Therefore, a wrong CS-138 number could be entered. OOP will be checking CS-138s for the Purchase Orders they create to make sure the correct CS-138 number is on the Purchase Order.

Q: If DCS has approved a single CS-138 for contracts with multiple vendors, what number should the agency use for their purchasing documents?

A: The same CS-138 may be used on multiple purchasing documents.

Q: The Direct Purchase Order Header screen (2360) does not have a field for the CS-138 number. How should agencies handle this?

A: Enter the CS-138 number in the "PO Title" field using the prefix of "XX". There is no edit on this field.

Q: Can we enter the CS-138 number on a Purchase Requisition Header for a CS-138 that has **not** been posted?

A: Yes.

Q: Are all Purchase Requisition numbers required on the 2117 screen if you have multiple Purchase Requisitions?

A: No.

Q: Is the CS-138 number placed in the "BPO/Sch/Call" field on a Direct Purchase Order?

A: No, the CS-138 number goes in "PO Title" field with "XX" prefix. The Blanket Purchase Order number goes in the "BPO/Sch/Call" field.

Q: Will OOP convert pre-qualified vendors to a contract if they are not already on contract?

A: OOP will work directly with agencies who work with lists of pre-qualified vendors.

Q: If an agency has Purchase Orders for services that cross fiscal years, will OOP convert these Purchase Orders to Blanket Purchase Orders?

A: Please contact OOP to review proper handling if your agency has this issue.

Q: If an agency has already created a Direct Purchase Order release for a service, will the agency need to add the CS-138 number?

A: Yes. Do an Advice of Change and add the CS-138 number in "PO Title" field with an "XX" prefix.

IV. Acceptable Uses of Direct Vouchers without Blanket Purchase Order References

Q: If the procurement card cannot be used, may agencies only issue a Direct Voucher in the categories specified?

A: Yes, however additional categories will be considered.

Q: Can procurement card purchases still be paid by Direct Voucher?

A: Yes, procurement card payments will not require a contract (BPO) release.

Q: There are different document/document types for Direct Vouchers for different types of payments. Can agencies continue to use the different document/document types?

A: Existing document/document types may be used except in those instances in which the "BP" document type has been prescribed.

Q: Will rent payments require a contract to be recorded in MAIN?

A: Yes.

Q: Will DMB consider allowing other types of Direct Voucher payments, (e.g., workers comp benefits) to be recorded without Blanket Purchase Order references?

A: Yes. We will consider additional categories.

Q: In some agencies, the purchasing section may create the Blanket Purchase Order and the accounting section may pay by Direct Voucher. How are the two sections to communicate/coordinate payment under this new policy?

A: This is an internal communication issue, which is not addressed by the directive.

Q: Will the Office of Financial Management (OFM) entertain a time extension for inbound interface payments?

A: The OFM will consider extensions on a case-by-case basis. However, agencies will need an alternative system to capture required reporting data.

Q: When making a payment by an ADPICS Direct Voucher, for a purchase to be linked to a Blanket Purchase Order, should the "DV" document type be used?

A: No. Use the "BP" document type.

Q: Does the Voucher Header (1410 screen) require the use of the "BP" document type?

A: No.

Q: Is "BP" a new document type and will the agency need to update user security to use it?

A: Yes.

Q: Can a user security be updated centrally?

A: User security updates should be handled by each department for specific individuals.

Q: Will there be a schedule for user security update?

A: No. Each agency will need to request specific security update. Approval paths will need to be put in place first.

Q: Can an agency have the option to manually update user security by individual or may they initiate a mass central change?

A: Contact the OFM-Financial Operations Division on what is needed to make security changes.

Q: On a Direct Voucher, should an agency reference the Blanket Purchase Order number or CS-138 number?

A: The Blanket Purchase Order number should be referenced in the "Doc Ref" field.

V. Implementation Date/Conversion Period

Q: How will agencies transition to the new policy?

A: The directive is effective for all new year activity beginning 10/1/97. There is also a three month transition period for existing contracts. Exceptions will be handled on a case-by-case basis.

Q: Will agencies still be able to make Direct Voucher payments for FY 1996/97 payments?

A: Yes.

VI. Office of Purchasing Letter #96

Q: Is there a differentiation between "best source" and "sole source"?

A: If multiple vendors are available to provide the commodity/service, then it is a "best source".

Q: Is the Quick Purchase process considered "best source" or "sole source" purchase?

A: Best source.

Q: Will Quick Purchase items need CS-138 approval?

A: Services under Civil Service jurisdiction, that are not pre-authorized, will require an approval.

Q: With Quick Purchase will agencies still do bids?

A: Yes, if the agency has the delegated authority, (e.g., direct human services.)

Q: Can an agency use a quick purchase approach in areas in which they have delegated authority?

A: Yes, determination of an award based on "best source" would be appropriate up to \$25,000.

Q: Under the Quick Purchase program, for Requisitions under \$25,000 and having one price quote, who will be required to get additional pricing - OOP or the agency?

A: OOP is responsible for additional information or pricing. If a price is not sent, then OOP may send out bids and not use the Quick Purchase program. OOP does not require 3 bids to be sent with the Purchase Requisition. OOP may contact the agency for more

information.

Q: If specifications on a Purchase Requisition are inadequate, the Purchase Requisition may not fall under the terms for Quick Purchase. Will the agency be notified that their Purchase Requisition will not be processed as a Quick Purchase?

A: Yes, OOP will notify the agency within 5 working days.

Q: Can the procurement card be used for repetitive service payments?

A: Not at this time.

Q: Is the "*bid requirement*" in order to have agency bids posted on the electronic bulletin board?

A: No, agency bids are not posted on the electronic bulletin board.

Q: Are direct human service purchases delegated to the agency supposed to be bid?

A: The agency determines if there are multiple vendors or not for bid. If they have valid justification of "sole source" it is not a bid situation.

Q: Should the agency use purchasing type of "RA" or "RS" for sole source requisitions?

A: The agencies should use "RA" purchasing type. OOP will change the purchasing type on the Purchase Order to "RS", if appropriate.

Q: When will agencies be required to develop a bid?

A: Agencies will not have many situations for bidding other than for direct human services or other situations which have been statutorially delegated to the agency. Agencies must develop a bid when multiple vendors are considered for an award.